REMARKS

Applicant thanks the Examiner for the courtesies extended to Applicant's undersigned representative during the interview on May 5, 2010. During the interview, Applicant explained the differences between the prior art and the claimed invention. The substance of the interview is incorporated into this Reply.

In the final Office Action,[1] the Examiner rejected claims 1, 5, 10, 21, and 23 under 35 U.S.C. § 112, ¶ 2; rejected claims 1, 5, 10, 12-21, and 23 under 35 U.S.C. § 103(a) as being unpatentable over U.S. Patent Application Publication No. 2002/0065753 to Schloss et al. ("Schloss") in view of an article entitled "Bonds an Attractive Option, but Beware of Risks," by Terry Savage ("Savage"), and further in view of an article entitled "On the Valuation of Federal Loan Guarantees to Corporations," by Howard Sosin ("Sosin"); and rejected claim 11 under 35 U.S.C. § 103(a) as being unpatentable over Schloss in view of Savage, and further in view of Sosin and the Examiner's "Official Notice."

Applicant amends independent claims 1, 5, 10, 21, and 23. Claim 12 is cancelled and claims 2-4, 6-9, and 22 are withdrawn. Claims 1, 5, 10, 11, and 13-21, and 23 remain pending and under examination.

I.   Rejection Under § 112, ¶ 2

Applicant respectfully traverses the rejections of claims 1, 5, 10, 21, and 23 under 35 U.S.C. § 112, ¶ 2. The Office Action requests that "Applicant . . . indicate who

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[1] The Office Action contains a number of statements reflecting characterizations of certain art and claims. Regardless of whether any such statement is identified herein, Applicant declines to automatically subscribe to any statement or characterization in the Office Action.

is seeking reimbursement in the claim language." Office Action at 3. As discussed during the interview, Applicant has amended claims 1, 5, 10, 21, and 23 to obviate the rejection. Applicant therefore respectfully requests withdrawal of the rejection under § 112, ¶ 2.

II. Rejection of Claims 1, 5, 9, 10, and 13-23 Under § 103(a)

Applicant respectfully traverses the rejection of claims 1, 5, 9, 10, and 13-23 under 35 U.S.C. § 103(a) as being unpatentable over Schloss in view of Savage, and further in view of Sosin. A *prima facie* case of obviousness has not been established at least because the differences between the prior art and Applicant's claims, as amended, are such that it would not have been obvious for one of ordinary skill in the art at the time of the invention to modify the prior art to arrive at Applicant's claimed invention.

None of Schloss, Savage, and Sosin, taken individually or in combination, teaches or suggests the combination of elements required by Applicant's claims. Claim 1, for example, recites a computer-implemented method of processing financial information, said method comprising: receiving an indication, at a processor from a database, that tax-exempt bonds are in a single trust; based on the single trust, establishing, at the processor, a senior class of securities, such that the senior class of securities includes a guarantee feature, the guarantee feature indicating that a guarantee payment must be made to a holder of the senior class of securities on a guarantee claim and reimbursement sought after satisfying the guarantee claim; based on the single trust, establishing, at the processor, a junior class of securities, such that the junior class of securities serves as collateral; issuing the senior class of securities and the junior class of securities, such that the junior and senior classes of securities

are backed by the assets of the single trust; paying excess income to holders of the junior class of securities until the guarantee claim is made; receiving a guarantee claim and, in response to the guarantee claim, stopping payment of the excess income to the holders of the junior class of securities; making the guarantee payment to the holder of the senior class of securities after receiving the guarantee claim; and seeking, by the single trust, reimbursement for the guarantee payment (emphasis added).

The cited references, whether taken individually or in combination, fail to teach or suggest the single trust with a guarantee feature for a senior class of securities as recited by claim 1. The Office Action cites Schloss as allegedly disclosing "based on the single trust, establishing at the processor, a junior class of securities, such that the junior class of securities serves as collateral" and "the junior and senior classes of securities are backed by the assets of the single trust." Office Action at 4. Applicant respectfully disagrees. As Schloss states in the summary of invention, "[t]he financial instruments are offered on terms that entirely transfer default risks to purchases of the financial instruments . . . ." Schloss, ¶ 0006; see also ¶¶ 0007-08. Transferring default risks to purchasers is the opposite of providing "guarantee feature indicating that a guarantee payment must be made to a holder of the senior class of securities," as recited by claim 1 (emphasis added).

Further, Schloss's general disclosure of separating securities into various tranches, as is known, simply does not add up to the claimed guarantee feature offered by a single trust. And Schloss does not teach or suggest "paying excess income to holders of the junior class of securities until the guarantee claim is made; receiving a guarantee claim and, in response to the guarantee claim, stopping payment of the

excess income to the holders of the junior class of securities; making the guarantee payment to the holder of the senior class of securities after receiving the guarantee claim; and seeking, by the single trust, reimbursement for the guarantee payment," as recited by amended claim 1.

Further, the Office Action cites to <u>Sosin</u> as allegedly disclosing a "senior class of securities [that] includes a guarantee feature, the guarantee feature indicating payment must be made" to a holder of the senior class of securities "on a guarantee claim and reimbursement sought after satisfying the guarantee claim." <u>Office Action</u> at 5. Applicant respectfully disagrees. Although guarantee features, as an abstract concept, are mentioned by <u>Sosin</u>, one of the problems with prior art guarantee features is that "In a setting wherein the firm makes interest payments throughout the life of the firm, rather than just on the termination date, the existence of the guarantee could be of marginal benefit to senior debt holders." <u>Sosin</u> at 1214. <u>Sosin</u> therefore highlights that prior art guarantee features do <u>not</u> provide added assurance that "a guarantee payment must be made <u>to a holder of the senior class of securities</u> on a guarantee claim and reimbursement sought after satisfying the guarantee claim," particularly in the situation where payments are made in an ongoing manner.

However, claim 1 recites a system that overcomes the problems associated with <u>Sosin</u> by providing that excess income is paid "to holders of the junior class of securities until the guarantee claim is made," but then upon "receiving a guarantee claim," the system will "stop[] payment of the excess income to the holders of the junior class of securities; mak[e] the guarantee payment to the holder of the senior class of securities . . .; and seek[], by the single trust, reimbursement for the guarantee

payment." Thus, in contrast to the express teachings of Sosin, claim 1 provides a way to ensure a "guarantee payment to the senior class of securities" in the situation where payments are distributed "until the guarantee claim is made" because the single trust will "seek . . . reimbursement for the guarantee payment." Indeed, Sosin is silent on any sort of a trust arrangement that would provide the advantages of the combination recited by claim 1.

Savage is a newspaper article providing investment advice. It discusses commonly available bond options and securities, but is also silent on any sort of trust arrangement that would provide a "guarantee feature," as recited by claim 1. Savage does not contemplate a single trust with senior and junior securities that "stop[s] payment of the excess income to the holders of the junior class of securities; mak[es] the guarantee payment to the holder of the senior class of securities . . . ; and seek[s], by the single trust, reimbursement for the guarantee payment," as recited by claim 1.

Because Schloss, Savage, and Sosin, taken individually or in combination, fail to teach or suggest the combination of elements required by amended claim 1, the Office Action fails to properly ascertain the scope and content of the prior art and the differences between the prior art and the claimed invention. Amended independent claims 5, 10, 21, and 23, although of different scope than claim 1, patentably distinguish from Schloss, Savage, and Sosin for at least the same reasons as claim 1. Claims 13-20 depend from independent claim 10 and therefore patentably distinguish from the cited references for at least the reasons discussed above with respect to claims 1 and 10, as well as by reason of reciting additional features not taught nor suggested by the cited art.

III.   Rejection of Claim 11 Under § 103(a)

Applicant respectfully traverses the rejection of claim 11 under 35 U.S.C.

§ 103(a) as being unpatentable over <u>Schloss</u> in view <u>Savage</u>, and further in view of

<u>Sosin</u> and <u>Official Notice</u>. The Examiner's Official Notice for claim 11, which Applicant

does not concede is appropriate, fails to cure the deficiencies of the cited references

discussed above. Applicant therefore respectfully requests withdrawal of the rejection

of claim 11 under § 103(a).

In view of the foregoing remarks, Applicant requests the timely allowance of the

pending claims.

Please grant any extensions of time required to enter this response and charge

any additional required fees to Deposit Account 06-0916.

Respectfully submitted,

FINNEGAN, HENDERSON, FARABOW,
    GARRETT & DUNNER, L.L.P.

Dated: May 19, 2010   By: /Nathan A. Sloan/
                                 Nathan A. Sloan
                                 Reg. No. 56,249